

Green Building Advisory Group
January 9, 2006
Summary Minutes

Present: Rudy Berg, Mark Miksis, Scott Stolarczyk, Doug McClaughry – members; Glen Svendsen, Ron Sutton, Mike Penwell, Keli Osborn -- staff.

Guests: Connie Jaqua, Rich Phaigh, Ann Borland, Marsha Miller, Jim Barnhart, others.

Presenters: Nancy Burns and Fred McVey, Public Works Engineering; Rick Duncan, Real Estate Appraiser.

November minutes: Approved.

Systems Development Charges (SDCs)

Nancy Burns provided an overview of State law and City regulations. The State provides enabling legislation and a framework. At the local level, Eugene has adopted a methodologies document for SDCs via City Council resolution, and the Eugene Code (Chapter 7) includes an SDC ordinance.

Eugene charges all allowed SDCs: wastewater, local and regional; parks; transportation; and stormwater. EWEB also collects a water SDC. City staff is working with a project team and rates advisory committee broadly representing the community. There are the adopted methodologies for separate SDCs with annual or periodic rate adjustments. SDCs are collected with building permit fees. These fees can be adjusted during construction.

Some exemptions exist – for identified affordable housing projects and where there is less than 60 square feet of impervious surface. Credits also can reduce SDCs. One avenue is for waste and stormwater lines that exceed that needed to serve the development (extra capacity). Another is recognition of previous development and uses, which is intended to encourage redevelopment. And a third is impact reductions in transportation and stormwater – for example, where trip generation is less than what is assumed by the methodology or within a designated nodal/mixed-use area or where there is onsite retention (not detention). There is no current exemption or subsidy for “green” development, except for the impact reductions.

Mark offered an example from Veneta where ongoing monitoring will affect SDCs. Scott asked about allowing developers to cite actual performance/flows. Nancy noted that in Eugene, fixture counts are used in calculations. (Exception: regional wastewater is based on gross square footage.) If something unconventional is proposed, Public Works staff would consult with the plumbing inspector for equivalencies.

Mark suggested City staff take an educational approach and provide information on how developers (owners, tenants, et al.) could reduce impacts on systems, thereby reducing their SDCs.

Scott asked about pervious paving – what is staff looking for when calculating impacts. Nancy said staff would attempt to find the equivalent impervious surface for comparison.

Fred said that proposed stormwater quality standards should simplify certain development choices and related SDC calculations.

Mike also asked about education and marketing as a way to provide greater incentives during development to reduce impacts. Ron added that the issue of trying to avoid SDCs overlooks the user charges that occur year after year, based on the choices, methods and materials chosen during development.

Doug inquired about the effect that SDCs have on a budget bottom line. Credits reflect reduced impacts, while an SDC exemption directly affects the project budget.

Conclusion: Advisory group members supported more education about SDC methodology to aid developers in making informed decisions to reduce impacts to systems. They also would like to see greater consideration of sustainable development/green building in the construction of SDC methodology.

Green Building & Property Appraisals

Cost doesn't always equal value, according to Rick Duncan, who spoke about the status and potential for impacts on property appraisals by the green building arena. Anticipated future benefits from more sustainable development may not provide immediate monetary rewards, but can make a difference for quality-of-life (quality-of-work) issues.

In the commercial and industrial sectors, how does one increase value? One method is to increase rents, the other to decrease costs (e.g., utilities). Green building has added a component allowing many developers to both decrease costs and up rental rates. While it may cost more to construct a green building, the longer-term costs may be lower. "Green" practices have a long-lasting effect and the buildings themselves may achieve and retain greater value.

Where the City can come into play, according to Rick, is by offering quality-of-life studies that show the benefits of green building. Green building methods and materials have not taken off in Eugene because many owners and developers in our community are looking for a quicker turnaround on their investments, Rick suggested.

In response to a question from Mark, Rick said that an experienced, thoughtful appraiser can demonstrate the higher value in a green building. It requires close communication among involved persons and caution in selecting comparable projects, especially where there may not be a significant number of green buildings. Rick says regional data is useful, with Portland offering more examples of commercial and industrial green building. Among the lenders considering green building is Shoreline Financial, Rick added.

Mike said he thought a single home with green building features might have difficulty demonstrating higher value in an appraisal, but that an entire subdivision reflecting green building principles could more successfully illustrate such value. Rick said that greater support from local government for green building could help change market conditions.

In response to a question from Rich Phaigh, Rick said that the first green building out of the chute – say a single-family dwelling in a neighborhood – has a tougher time answering the financial questions that require convincing lenders, underwriters and others. He believes that appraisers are becoming more open to new and different information, including green building and its impact on value.

In response to Scott's question about the quickest way the City can promote green building, Rick suggested several measures:

- Link up with other groups
- Do whatever is possible to shorten permitting and related processes
- Provide basic information to associations and their members
- Use standard tools for measurement
- Don't set up independent scaling methods – go with something established, broadly accepted

Rudy added that cataloguing green projects in the area will provide models for others, making the concepts more accessible. Rick asked whether it might be possible to tag so-called "green" projects in the Regional Land Information Database system which captures sales, land use and other information available to the public, realtors, appraisers, developers and others.

Jim Barnhart added his perspective as a real estate broker. He said he sees that clients are willing to pay more for nontoxic materials; but that, generally, other increased costs that may be associated with green building are not an easy "sell."

Rick suggested more attention to retrofitting buildings and educational materials for the public: What can you do to make your home or business more "green"? What are the benefits?

Doug said the Eugene Builders Exchange is another resource. Will green building expand job markets? Can it be locally based and can it help the local economy?

Minutes by Keli Osborn